

Iowa Public Impact Index - Wells Fargo

"Net present value" (NPV) is an accounting tool that enables comparison of funds received or spent during different years. NPV calculations reduce expected amounts by a set interest rate for each year in the future. The interest rate used here is the ten-year running average interest rate for ten-year U.S. Treasury bills.

Income Impact:

The net present value (NPV)¹ of a 10-year stream of increases in the personal income component of the GSP² that results from the increased revenue of the applicant.

Direct effects only ³	\$434,412,735
Direct & indirect effects ⁴	\$766,907,099

Public Investment:

The NPV of a 10-year stream of public investments and additional costs to the public that are associated with this project

State government costs ¹³	\$24,636,023
Local government costs ¹⁴	\$19,675,212
State & local government costs	\$44,311,235

Impact on Iowa Personal Income:

Personal income impact is the annual increase in income that the project applicant is expected to generate through its payrolls and the payrolls of its vendors

Direct effect to 2002 Iowa Personal Income ⁵	0.053%
Multiplier effect to 2002 IA Personal Income ⁶	0.093%

Business taxes:

The NPV of a 10-year stream of business taxes that the project applicant is expected to be paying to state and local government

State business taxes ¹⁵	
Local business taxes ¹⁶	
State & local business taxes	

Employment Impact:

Average number of new jobs per year ⁷	2,000
Average wages per job ⁸	\$33,700

Personal taxes:

The NPV of a 10-year stream of personal income sales and use taxes that is expected to result from the project's payroll

State personal taxes ¹⁷	\$33,394,674
Local personal taxes ¹⁸	\$8,524,523
State & local personal taxes:	\$41,919,197

Economic Impact Calculations:

Impact on income for each public dollar spent (ratio)

Direct effects only ⁹	3.28
Direct & indirect (multiplier) effects ¹⁰	5.56

Total impact on Iowa employee income

Direct effects only ¹¹	\$142,877,926
Direct & indirect (multiplier) effects ¹²	\$252,086,194

11th Year and Beyond:

Projected yearly state tax receipts ¹⁹	
Projected yearly local tax receipts ²⁰	
Projected yearly total tax receipts	
Projected yearly personal income increase ²¹	\$73,589,505
Projected yearly income increase (multiplied) ²²	\$125,551,400

Fiscal Impact Calculations:

Impact of the project on net tax revenue

	State & Local	State only	Local only
Total taxes collected as a result of the project ²³	\$80,791,570		
The ratio of taxes received to incentives paid ²⁴	1.82		
Net dollars of taxes minus the incentives ²⁵	\$36,480,335		
Projected tax receipts that result from the project in year 11 and beyond ²⁶	\$11,946,205		

Impact of the project on net tax revenue deducting the cost of public services *

The ratio of 'surplus taxes' received to incentives paid ²⁷ *	1.02		
Net dollars of 'surplus taxes' minus the incentives ²⁸ *	\$709,668		

* Disclaimer: The Department does not utilize these figures because they are based on assigning current costs of state and local government (\$ 2,258 and \$620 per worker, respectively) as if all employees were new to the state. In addition, it assumes there are no efficiencies as a larger population base shares services. Therefore these figures are not considered relevant to a fair analysis. They are included in the model because there was an interest by the advisory group of economists in attempting to

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Income Impact:

The net present value (NPV) of a 10-year stream of increases in the personal income component of the GSP that results from the increased revenue of the applicant.

Direct effects only	\$434,412,735
Direct & indirect effects <i>multiplier</i>	\$766,997,099

Public Investment:

The NPV of a 10-year stream of public investments and additional costs to the public that are associated with this project

State government costs	\$27,443,749
Local government costs	\$20,549,135
State & local government costs	\$47,992,884

Impact on Iowa Personal Income:

Personal income impact is the annual increase in income that the project applicant is expected to generate through its payrolls and the payrolls of its vendors

Direct effect to 2002 Iowa Personal Income	0.052%
Multiplier effect to 2002 Iowa Personal Income	0.092%

Business taxes:

The NPV of a 10-year stream of business taxes that the project applicant is expected to be paying to state and local government

State business taxes	\$9,308,344
Local business taxes	\$29,564,030
State & local business taxes	\$38,872,374

Employment Impact:

Average number of new jobs per year	2,000
Average wages per job	\$33,700

Personal taxes: *employees*

The NPV of a 10-year stream of personal income sales and use taxes that is expected to result from the project's payroll

State personal taxes	\$33,394,674
Local personal taxes	\$8,524,523
State & local personal taxes:	\$41,919,197

Economic Impact Calculations:

Impact on income for each public dollar spent (ratio)

Direct effects only	3.28
Direct & indirect (multiplier) effects	5.56

Total impact on Iowa employee income

Direct effects only	\$141,669,004
Direct & indirect (multiplier) effects	\$250,877,267

11th Year and Beyond:

Projected yearly state tax receipts	\$6,374,323
Projected yearly local tax receipts	\$5,571,882
Projected yearly total tax receipts	\$11,946,205
Projected yearly personal income increase	\$73,589,505
Projected yearly income increase (multiplied)	\$125,551,400

Fiscal Impact Calculations:

Impact of the project on net tax revenue

Total taxes collected as a result of the project
The ratio of taxes received to incentives paid
Net dollars of taxes minus the incentives
Projected tax receipts that result from the project in year 11 and beyond

State & Local	State only	Local only
\$80,791,570	\$42,703,017	\$38,088,553
1.68	1.56	1.85
\$32,798,686	\$15,259,269	\$17,539,417
\$11,946,205	\$6,374,323	\$5,571,882

Impact of the project on net tax revenue deducting the cost of public services

The ratio of 'surplus taxes' * received to incentives paid
Net dollars of 'surplus taxes' * minus the incentives

0.94	0.53	1.48
-\$2,971,981	-\$12,802,005	\$9,830,024